

NTPC

In-line quarter; limited downside with triggers in place

India Equity Research | Power

NTPC's Q4FY18 EBITDA was broadly in line with consensus estimates. Key highlights: 1) while NTPC reported INR2.5bn fixed cost under recoveries due to shortage of coal at four plants, it is hopeful there will be no under recoveries in FY19 as the coal issues get sorted; 2) guided for FY19 capex of INR225bn with COD of 5GW thermal plants; and 3) acquisition of balance stake in three power plants from Bihar SEB could add INR30bn to regulated equity (INR500bn book) over the next 12-18 months. While we expect regulated equity to increase at 15% CAGR over FY18-20, consensus has still not factored in any inorganic growth opportunities which are in abundance currently. Guidelines on CERC norms for FY19-24 could be an overhang for the stock in near term, though pending the same we see limited downside from current levels. Maintain 'BUY'.

Generation strong; NTPC a preferred player for coal allocation

NTPC's FY18 generation volumes grew 6% YoY propelling 7% revenue growth. However, coal availability remained a challenge throughout the year with coal PLF lower at 77.9% vs. 78.6% in FY17. This resulted in disincentive of INR8bn on account of coal shortage for FY18 (INR2.54bn for Q4FY18). Management indicated resolution of most of the issues by FY19 end and is hopeful of achieving full fixed cost recovery. We believe with NTPC being accorded priority for coal allocation could resolve its fixed cost under recoveries. For Q4FY18, adjusted PAT stood at INR28.2bn.

Opportunities aplenty for growth; watch out for CERC norms

Recent IBC norms present big consolidation opportunity in power generation industry and NTPC's balance sheet strength provides it an opportunity to acquire stressed assets. Considering the company's stringent criteria and 36GW of ready PPA's, any successful acquisition could be a booster for it. However, one needs to be wary of the fact that CERC's 2019-24 norms are around the corner and any unfavourable changes in the norms (like three-part tariff in discussion paper, monthly PAF calculations, etc) could be a dampener for NTPC. Though the final guidelines are still some time away, any developments surfacing on same could be an overhang for the stock.

Outlook and valuations: Triggers ahead; maintain 'BUY'

We believe domestic coal availability and finalisation of CERC norms are key monitorables. From current levels (INR 168) there's limited downside (implied ~14% regulated returns which is on lower side). We maintain 'BUY/SP' with TP of INR202.

Year to March	Q4FY18	Q4FY17	% Change	Q3FY18	% Change	FY18	FY19E	FY20E
Revenues	231,003	204,167	13.1	207,744	11.2	834,527	928,650	1,036,144
EBITDA	59,100	54,628	8.2	52,770	12.0	216,673	256,963	295,294
Adj. net profit	29,256	28,624	2.2	23,608	23.9	103,432	114,116	132,098
Adj. Dil. EPS (INR)	3.5	3.5	2.2	2.9	23.9	12.5	13.8	16.0
P/B (x)						1.6	1.4	1.4
ROAE (%)						12.0	10.1	10.4

EDELWEISS 4D RATINGS

Absolute Rating	BUY
Rating Relative to Sector	Performer
Risk Rating Relative to Sector	Low
Sector Relative to Market	Underweight

MARKET DATA (R: NTPC.BO, B: NTPC IN)

CMP	: INR 168
Target Price	: INR 202
52-week range (INR)	: 188 / 153
Share in issue (mn)	: 8,245.5
M cap (INR bn/USD mn)	: 1,380 / 20,109
Avg. Daily Vol.BSE/NSE('000)	: 6,878.8

SHARE HOLDING PATTERN (%)

	Current	Q3FY18	Q2FY18
Promoters *	62.3	62.3	63.0
MF's, FI's & BK's	22.5	22.5	23.0
FII's	11.8	11.8	10.7
Others	3.5	3.5	3.3
* Promoters pledged shares (% of share in issue)	:		NIL

PRICE PERFORMANCE (%)

	Stock	Nifty	EW Power Index
1 month	(1.8)	(0.0)	(3.8)
3 months	2.7	1.9	(4.0)
12 months	7.5	11.4	(4.7)

Swarnim Maheshwari
 +91 22 4040 7418
 swarnim.maheshwari@edelweissfin.com

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Table 1: Valuation

	Value	Comments	Multiple	Comments	Value	Per share
Regulated equity	678,311	FY20E reg equity	1.91	(RoE-g)/(CoE-g)	1,297,957	157
Equity infused in CWIP	229,801	PV of FY19E CWIP	1.00	At equity value	229,801	28
Investments & Cash	140,259	FY18E book	1.00	At book value	140,259	17
Total					1,668,016	202

Source: Edelweiss research

Q4FY18 conference call: Key takeaways

- **Capex incurred:** For FY18 - INR241bn for standalone and INR69bn for group companies. FY18 capex of INR310.5bn for the NTPC group.
- **Capital outlay:** Capex for FY19 is INR223bn (mix of domestic -70% and foreign borrowings-30%) for the standalone entity.
- **Borrowing cost is a pass through:** Cost of borrowing for Q4FY18 at 6.99% was on account of reduced interest rates. Management indicated possible domestic interest rate increase is a pass through in tariff and not much of a concern for NTPC.
- NTPC achieved overall Coal PLF of ~ 77.90% for FY18 and 79.03% for Q4FY18, thus maintaining a spread of over 16-18% over competition.
- Regulated equity as at FY18 end was INR509.20 bn. Addition of Regulated Equity over FY17 was INR68.20bn. Regulated Assets as at FY18 end was INR261.19bn.
- Receivable days improved from 38 days in FY17 to 34 in FY18.
- Chabra MoU extended by another six months. The company has received all the approvals from MOP, but needs some more time to buy out this asset.
- **Bihar MoU :** Kanti and Nabinnagar joint venture (JV) equity would be taken over by NTPC by June 30, 2018 and most likely will start consolidating from July'18. These plants have applied for coal under SHAKTI and are hopeful of getting it. Overall consideration for Barauni – INR34bn (will be retaining INR13bn for the capex at Barauni), while equity takeover will be at par for the other two plants, viz., Kanti and Nabinagar JV at INR20bn.
- CERC discussion paper three-part tariff suggestion: Management indicated this is just a consultation and will be submitting its views to CERC shortly.
- NTPC can still sign 36GW of new PPA's with the existing beneficiaries.
- **Stressed assets:** Have RFP's for four assets and NTPC has appointed a consultant. We will have more clarity with respect to the takeover by NTPC by Q2FY19. As per the guidelines, NTPC can acquire only those power plants which have PPA's.
- Capacity retirement: Badarapur and TPS are the only two assets other than Patratu which is contemplated for closing.
- Higher other expenses were on account of INR7.23bn foreign exchange variations (part of recovery), INR3bn due to water charges which is net to the P&L. Adjusted PAT stood at INR108bn, adjusting for all the one-off's.
- Incentive income in Q4FY18 was INR1.2bn
- Other current assets stood higher by INR60bn on account of the advance given to the Railways (INR50bn), which is recoverable in tariffs.

- INR9bn deferred tax asset was created on account of the solar assets.
- Capacity addition: Capacities expected to be commercialised in FY19:
 1. Lara Unit 1 - 800MW
 2. Meja Unit 1- 660MW
 3. Kudgi Unit 3 - 800MW
 4. Bongaigaon Unit 3 - 250MW
 5. NAbinagar JV - 250MW
 6. Gadarwara Unit 1- 800MW
 7. Solahpur Unit 2 - 660MW

FY20 expected Capacity addition ~5GW.
- **Thermal PLF** : FY18 coal-based PLF of 77.90%.
Below plants clocked highest PLF.
 1. Talcher - 93%
 2. Vindyanchal – 89%
 3. Korba – 89%
 4. Rihand – 89%
 5. Bhilai – 88%
 6. Sipat – 88%
- **Gas consumption**: FY18 gas consumption of 5.33mmscmd.
Break up
 1. APM mechanism – 3.82mmscmd
 2. Non AMP – 0.66mmscmd
 3. SPOT – 0.85mmscmd
- **FGD implementation**: Vindyanchal becomes the first plant to implement FGD. ~7GW of capacity is undergoing FGD implementation, ~31GW is under the bidding process of FGD contracts, ~24GW capacity has yet to invite bids.
- **Coal Shortage**: For FY18, under recovery on fixed cost on account of coal shortage was ~INR8bn for FY18 and INR2.54bn for Q4FY18. Q4FY18 coal under recovery was on account of Mouda, Solahpur and Bongaigaon plants. Management indicated problems at Mouda and Solahpur have largely reduced. Problems at Kaniha plant due to coal mine issue are also temporary. Management is hopeful of full fixed charge recovery by FY19 end. For FY18, the total fixed charge under recovery stood at ~INR14bn.

Financial snapshot

(INR mn)

Year to March	Q4FY18	Q4FY17	% change	Q3FY18	% change	FY18	FY19E	FY20E
Total operating Income	231,003	204,167	13.1	207,744	11.2	834,527	928,650	1,036,144
Fuel cost	130,983	119,464	9.6	127,929	2.4	496,290	557,138	614,748
Gross profit	100,020	84,703	18.1	79,814	25.3	338,237	371,512	421,396
Salaries and other exp.	13,682	16,377	(16.5)	12,943	5.7	47,347	49,924	51,140
Other expenses	40,920	30,075	36.1	27,044	51.3	121,564	114,549	126,102
Total expenditure	171,903	149,539	15.0	154,974	10.9	617,854	671,687	740,850
EBITDA	59,100	54,628	8.2	52,770	12.0	216,673	256,963	295,294
Depreciation	19,348	16,062	20.5	18,814	2.8	70,989	80,170	91,930
EBIT	39,752	38,566	3.1	33,956	17.1	145,685	176,793	203,364
Interest	11,042	8,979	23.0	10,650	3.7	39,843	42,873	46,368
Other income	5,176	8,322	(37.8)	3,135	65.1	17,553	19,257	20,316
Profit before tax	36,883	30,080	22.6	25,848	42.7	128,925	153,176	177,312
Provision for taxes	7,627	9,286	(17.9)	2,240	240.5	25,493	39,060	45,215
Add: Exceptional items	2,997	(7,830)	(138.3)	(593)	(605.3)	5,530	-	-
Reported net profit	29,256	20,794	40.7	23,608	23.9	103,432	114,116	132,098
Adjustments		(7,830)	(100.0)					
Adjusted Profit	29,256	28,624	2.2	23,608	23.9	103,432	114,116	132,098
Diluted shares (mn)	8,245	8,245		8,245		8,245	8,245	8,245
Adjusted Diluted EPS	3.5	3.5	2.2	2.9	23.9	12.5	13.8	16.0

As % of net revenues

COGS	56.7	58.5		61.6		59.5	60.0	59.3
Gross profit	43.3	41.5		38.4		40.5	40.0	40.7
Other expenses	17.7	14.7		13.0		14.6	12.3	12.2
Other expenditure	74.4	73.2		74.6		74.0	72.3	71.5
EBITDA	25.6	26.8		25.4		26.0	27.7	28.5
Reported net profit	12.7	14.0		11.4		12.4	12.3	12.7
Tax rate	20.7	30.9		8.7		19.8	25.5	25.5

Company Description

NTPC, set up in 1975, is India's largest power generation company with 51,410MW installed capacity (including 7,216MW from JVs). The company plans to add ~14GW (consol) capacity in the XII Plan. In addition to generation, NTPC also provides consultancy services to entities in the power domain. A subsidiary, NTPC Vidyut Vyapar Nigam, is engaged in power trading, while it has also entered into JVs for different businesses—with Singareni Collieries for coal mining, BHEL for equipment manufacturing and Transformers & Electricals Kerala (TELK) for repairs and maintenance.

Investment Theme

- **Regulated returns:** NTPC currently has ~44GW of operational capacity under regulated model with pipeline capacity of ~35GW plus signed under the regulated model. This enables the company to pass on increase in costs, limiting the impact on profitability.
- **High efficiency gains:** While the current regulation permits post tax RoE of 15.5% (along with PAF based incentive), on regulated equity the company has been able to earn RoEs of ~22% on the regulated book due to highly efficient plants/economies of scale and infrastructure related tax benefits.
- **Fuel security:** The company has secured fuel supplies through FSAs with CIL in the past; incrementally the coal blocks being developed should improve NTPC's fuel security.

Key Risks

- **CERC norms:** Any RoE dilutive norms in forthcoming tariff regulations are a key risk to earnings impacting valuations.
- **Delay in execution of capex:** Any delay in execution of pipeline projects could result in downside from the estimated earnings/valuations.
- **Tax-related gains:** NTPC has been reporting RoE of ~25% on the regulated equity partly due the tax breaks enjoyed by the company under 80IAB. Withdrawal of such benefits under DTC/etc., will impact RoE and hence valuations.
- **SEB delays:** While the company makes due efforts to maintain adequate LCs for sale of power to SEBs, failure to secure timely payments is a risk to the working capital cycle and hence earnings.
- **Fuel supplies:** The approval of coal pool pricing should improve coal supplies to the recently commissioned plants. However, failure to secure adequate fuel supplies could impact PAFs/PLFs and hence the company's earnings.

Financial Statements

Key Assumptions

Year to March	FY17	FY18	FY19E	FY20E
Macro				
GDP(Y-o-Y %)	6.6	6.5	7.1	7.6
Inflation (Avg)	4.5	3.6	4.5	5.0
Repo rate (exit rate)	6.3	6.0	6.0	6.5
USD/INR (Avg)	67.1	64.5	66.0	66.0
Sector				
NewCastle FoB(USD/t)	59	59	59	59
Melawan FoB(USD/t)	48	48	48	48
Capacity Addition (MW)	18,000	18,000	18,000	18,001
Company				
Commercial cap. add.(MW)	1,160	3,916	3,970	4,880
Ending comm. cap.(MW)	40,522	44,500	48,470	53,350
Closing Reg. Eqty(INRmn)	441,000	509,201	584,234	678,311
Avg. Coal plant PLF(%)	79	78	80	81
Total units prod. (MUs)	250,314	265,798	307,742	339,964
Total units sold (MUs)	233,617	247,905	284,661	314,467
Imp./Exp. Reg. RoE (%)	19.7	19.3	18.5	18.8
Avg.Realisation(INR/kwh)	3.3	3.2	3.3	3.3
Coal cons./req. (MT)	163	169	189	208
Landed coal cost (INR/t)	2,718.5	2,675.7	2,689.0	2,702.5
Net borrowings (INR mn)	996,697	1,134,075	1,223,574	1,274,535
Avg. Interest rate (%)	3.4	3.4	3.4	3.5
Depreciation rate (%)	3.7	3.8	3.8	3.8
Dividend payout (%)	50.4	49.0	40.0	40.0
Tax rate (%)	25.5	21.0	25.5	25.5
Debtor days	37	34	34	34
Inventory days	44	37	37	40
Payable days	40	38	46	44
Capex (INR mn)	234,587	258,415	238,282	198,218

Income statement

(INR mn)

Year to March	FY17	FY18	FY19E	FY20E
Income from operations	782,734	834,527	928,650	1,036,144
Direct costs	475,722	496,290	557,138	614,748
Employee costs	43,246	47,347	49,924	51,140
Other Expenses	50,924	74,217	64,626	74,962
Total operating expenses	569,892	617,854	671,687	740,850
EBITDA	212,843	216,673	256,963	295,294
Depreciation	59,208	70,989	80,170	91,930
EBIT	153,635	145,685	176,793	203,364
Less: Interest Expense	35,972	39,843	42,873	46,368
Add: Other income	14,046.00	17,552.5	19,257.05	20,315.95
Profit Before Tax	123,879	128,925	153,176	177,312
Less: Provision for Tax	30,026	25,493	39,060	45,215
Add: Exceptional items	(7,830)	5,530	-	-
Reported Profit	93,853	103,432	114,116	132,098
Adjusted Profit	93,853	103,432	114,116	132,098
Shares o /s (mn)	8,245	8,245	8,245	8,245
Adjusted Basic EPS	11.4	12.5	13.8	16.0
Diluted shares o/s (mn)	8,245	8,245	8,245	8,245
Adjusted Diluted EPS	11.4	12.5	13.8	16.0
Adjusted Cash EPS	18.6	21.2	23.6	27.2
Dividend per share (DPS)	4.8	5.1	5.5	6.4
Dividend Payout Ratio(%)	50.4	49.0	48.0	48.0

Common size metrics

Year to March	FY17	FY18	FY19E	FY20E
Operating expenses	72.8	74.0	72.3	71.5
Depreciation	7.6	8.5	8.6	8.9
EBITDA margins	27.2	26.0	27.7	28.5
Interest Expense	4.6	4.8	4.6	4.5
Net Profit margins	12.0	12.4	12.3	12.7

Growth ratios (%)

Year to March	FY17	FY18	FY19E	FY20E
Revenues	11.0	6.6	11.3	11.6
EBITDA	21.5	1.8	18.6	14.9
PBT	23.2	4.1	18.8	15.8
Adjusted Profit	(8.4)	10.2	10.3	15.8
EPS	(8.4)	10.2	10.3	15.8

Balance sheet		(INR mn)			
As on 31st March	FY17	FY18	FY19E	FY20E	
Share capital	82,455	82,455	82,455	82,455	
Reserves & Surplus	879,858	935,323	994,664	1,063,354	
Shareholders' funds	962,312	1,017,778	1,077,118	1,145,809	
Long term borrowings	995,996	1,108,856	1,195,979	1,259,794	
Short term borrowings	30,006	65,003	65,003	65,003	
Total Borrowings	1,026,001	1,173,859	1,260,982	1,324,798	
Long Term Liabilities	4,806	4,809	4,809	4,809	
Def. Tax Liability (net)	14,848	24,086	24,086	24,086	
Deferred revenue	21,211	20,859	20,859	20,859	
Sources of funds	2,029,180	2,241,391	2,387,855	2,520,361	
Gross Block	1,600,198	1,887,765	2,137,875	2,451,464	
Net Block	990,627	1,207,206	1,377,146	1,598,805	
Capital work in progress	807,371	777,832	766,004	650,634	
Intangible Assets	2,930	3,316	3,316	3,316	
Total Fixed Assets	1,800,928	1,988,354	2,146,466	2,252,755	
Non current investments	89,524	100,475	83,299	66,122	
Cash and Equivalents	29,305	39,784	37,409	50,263	
Inventories	65,048	60,574	75,604	86,774	
Sundry Debtors	81,379	75,780	97,229	95,806	
Loans & Advances	19,674	25,688	25,688	25,688	
Other Current Assets	279,917	311,282	311,282	311,282	
Current Assets (ex cash)	446,018	473,323	509,802	519,549	
Trade payable	48,761	55,926	84,503	63,710	
Other Current Liab	287,834	304,618	304,618	304,618	
Total Current Liab	336,595	360,544	389,121	368,328	
Net Curr Assets-ex cash	109,423	112,778	120,681	151,221	
Uses of funds	2,029,180	2,241,391	2,387,855	2,520,361	
BVPS (INR)	116.7	123.4	130.6	139.0	

Free cash flow		(INR mn)			
Year to March	FY17	FY18	FY19E	FY20E	
Reported Profit	93,853	103,432	114,116	132,098	
Add: Depreciation	59,208	70,989	80,170	91,930	
Interest (Net of Tax)	27,253	31,964	31,941	34,544	
Others	(48,236)	7,881	10,933	11,824	
Less: Changes in WC	70,936	(3,355)	(7,903)	(30,540)	
Operating cash flow	203,014	210,911	229,257	239,856	
Less: Capex	234,587	258,415	238,282	198,218	
Free Cash Flow	(31,574)	(47,504)	(9,025)	41,638	

Peer comparison valuation

Name	Market cap (USD mn)	EV / EBITDA (X)		P/B (X)		ROAE (%)	
		FY19E	FY20E	FY19E	FY20E	FY19E	FY20E
NTPC	20,109	10.1	9.0	1.3	1.2	10.9	11.9
CESC	2,036	7.6	6.8	1.2	1.1	9.3	10.2
Power Grid Corp of India	16,417	7.6	7.2	1.7	1.6	17.0	17.0
Tata Power Co	3,253	9.7	9.3	1.2	1.1	10.9	11.5
Median	-	8.7	8.1	1.2	1.2	10.9	11.7
AVERAGE	-	8.8	8.1	1.3	1.2	12.0	12.7

Source: Edelweiss research

Cash flow metrics		FY17	FY18	FY19E	FY20E
Year to March					
Operating cash flow		203,014	210,911	229,257	239,856
Financing cash flow		32,022	57,355	(10,526)	(45,960)
Investing cash flow		(247,188)	(269,366)	(221,106)	(181,042)
Net cash Flow		(12,152)	(1,100)	(2,375)	12,854
Capex		(234,587)	(258,415)	(238,282)	(198,218)
Dividend paid		(47,296)	(50,660)	(54,776)	(63,407)

Profitability and efficiency ratios

Year to March	FY17	FY18	FY19E	FY20E
ROACE (%)	8.7	7.7	8.6	9.2
ROAE (%)	10.1	10.4	10.9	11.9
Inventory Days	53	46	45	48
Debtors Days	37	34	34	34
Payable Days	40	38	46	44
Cash Conversion Cycle	50	42	33	38
Current Ratio	1.4	1.4	1.3	1.5
Gross Debt/EBITDA	4.8	5.4	4.9	4.5
Gross Debt/Equity	1.1	1.2	1.2	1.2
Adjusted Debt/Equity	1.1	1.2	1.2	1.2
Interest Coverage Ratio	4.3	3.7	4.1	4.4

Operating ratios

Year to March	FY17	FY18	FY19E	FY20E
Total Asset Turnover	0.4	0.4	0.4	0.4
Fixed Asset Turnover	0.8	0.8	0.7	0.7
Equity Turnover	0.8	0.8	0.9	0.9

Valuation parameters

Year to March	FY17	FY18	FY19E	FY20E
Adj. Diluted EPS (INR)	11.4	12.5	13.8	16.0
Y-o-Y growth (%)	(8.4)	10.2	10.3	15.8
Adjusted Cash EPS (INR)	18.6	21.2	23.6	27.2
Diluted P/E (x)	14.7	13.3	12.1	10.4
P/B (x)	1.4	1.4	1.3	1.2
EV / Sales (x)	3.0	3.0	2.8	2.6
EV / EBITDA (x)	11.2	11.6	10.1	9.0
Dividend Yield (%)	2.9	3.1	3.3	3.8

Additional Data

Directors Data

Shri Gurdeep Singh	Chairman and Managing Director	Shri K. Biswal	Director (Finance)
Shri S.C. Pandey	Director (Projects)	Shri A.K. Jha	Director (Technical)
Shri U.P. Pani	Director (Human Resources)	Shri K.K. Sharma	Director (Operations)
Dr. Pradeep Kumar	Non-executive (Government Nominees)	Dr. Gauri Trivedi	Independent Director
Shri Rajesh Jain	Independent Director	Shri Seethapathy Chander	Independent Director
Shri Aniruddha Kumar	Non-executive (Government Nominee)		

Auditors - M/s T R Chadha & Co., LLP; M/s PSD Associates; M/s Sagar & Associates; M/s Kalani & Co.; M/s P. A. & Associates; M/s S. K. Kapoor & Co.; M/s B. M. Chatrath & Co.

Holding – Top10

	Perc. Holding		Perc. Holding
Government of india	62.27	Life insurance corp	13.01
Icici prudential ass	3.66	Hdfc asset managemen	2.73
Blackrock	2	T rowe price group i	1.15
Icici prudential lif	1.02	Vanguard group	0.86
Sbi funds management	0.73	Franklin templeton i	0.61

**in last one year*

Bulk Deals

Data	Acquired / Seller	B/S	Qty Traded	Price
No Data Available				

**in last one year*

Insider Trades

Reporting Data	Acquired / Seller	B/S	Qty Traded
No Data Available			

**in last one year*

Company	Absolute reco	Relative reco	Relative risk	Company	Absolute reco	Relative reco	Relative Risk
Adani Power	HOLD	SU	H	CESC	BUY	None	None
India Grid Trust	BUY	SP	M	JSW Energy	HOLD	SP	M
NTPC	BUY	SP	L	Power Grid Corp of India	BUY	SO	L
PTC India	BUY	None	None	Tata Power Co	BUY	SP	M

ABSOLUTE RATING

Ratings	Expected absolute returns over 12 months
Buy	More than 15%
Hold	Between 15% and - 5%
Reduce	Less than -5%

RELATIVE RETURNS RATING

Ratings	Criteria
Sector Outperformer (SO)	Stock return > 1.25 x Sector return
Sector Performer (SP)	Stock return > 0.75 x Sector return
	Stock return < 1.25 x Sector return
Sector Underperformer (SU)	Stock return < 0.75 x Sector return

Sector return is market cap weighted average return for the coverage universe within the sector

RELATIVE RISK RATING

Ratings	Criteria
Low (L)	Bottom 1/3rd percentile in the sector
Medium (M)	Middle 1/3rd percentile in the sector
High (H)	Top 1/3rd percentile in the sector

Risk ratings are based on Edelweiss risk model

SECTOR RATING

Ratings	Criteria
Overweight (OW)	Sector return > 1.25 x Nifty return
Equalweight (EW)	Sector return > 0.75 x Nifty return
	Sector return < 1.25 x Nifty return
Underweight (UW)	Sector return < 0.75 x Nifty return

Edelweiss Securities Limited, Edelweiss House, off C.S.T. Road, Kalina, Mumbai – 400 098.

Board: (91-22) 4009 4400, Email: research@edelweissfin.com

Aditya Narain

Head of Research

aditya.narain@edelweissfin.com

Coverage group(s) of stocks by primary analyst(s): Power

Adani Power, Adani Transmission, CESC, India Grid Trust, JSW Energy, NTPC, PTC India, Power Grid Corp of India, Tata Power Co

Recent Research

Date	Company	Title	Price (INR)	Recos
23-May-18	CESC	Core healthy; ramp up of new businesses key; <i>Result Update</i>	1,010	Buy
22-May-18	Power	High merchant rates to aggravate discom woes; <i>Sector Update</i>		
04-May-18	Adani Power	On thin ice; <i>Result Update</i>	25	Hold

Distribution of Ratings / Market Cap

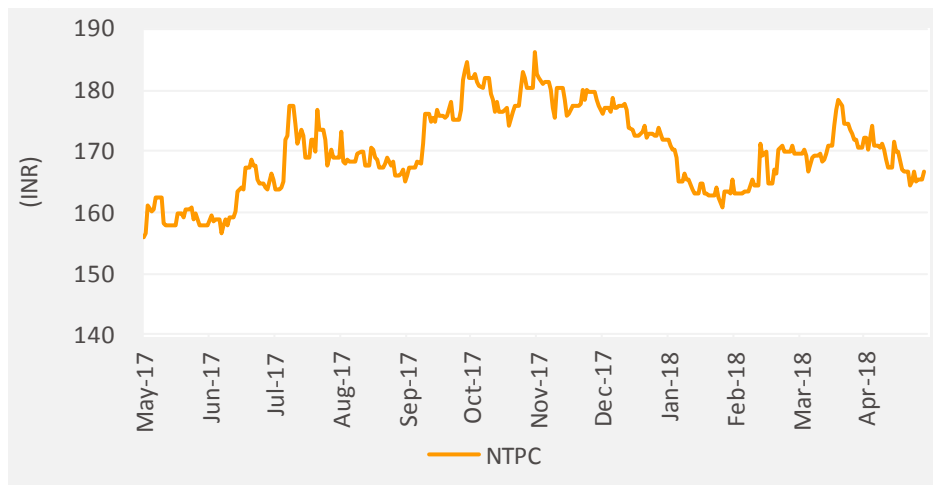
Edelweiss Research Coverage Universe

	Buy	Hold	Reduce	Total
Rating Distribution*	161	67	11	240
* 1stocks under review				
	> 50bn	Between 10bn and 50 bn	< 10bn	
Market Cap (INR)	156	62	11	

Rating Interpretation

Rating	Expected to
Buy	appreciate more than 15% over a 12-month period
Hold	appreciate up to 15% over a 12-month period
Reduce	depreciate more than 5% over a 12-month period

One year price chart



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